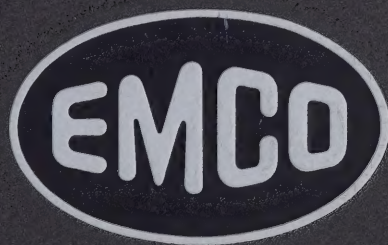


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1965

Annual Report





1962



## *Directors*

John W. Adams, F.C.A.  
Everett J. Chambers, Q.C.  
C. Norman Chapman  
Philip A. Chester, F.C.A.  
Hon. Louis P. G  linas  
Charles H. Ivey  
C. Robert Ivey  
Peter J. Ivey  
Richard G. Ivey, Q.C.  
John H. Stevens  
Douglas B. Weldon

London, Ontario  
Calgary, Alberta  
London, Ontario  
Winnipeg, Manitoba  
Montreal, Quebec  
London, Ontario  
Toronto, Ontario  
London, Ontario  
London, Ontario  
London, Ontario

## *Officers*

John H. Stevens  
Peter J. Ivey  
C. Norman Chapman  
John W. Adams, F.C.A.  
Stuart F. Smith  
Ralph S. MacLean  
A. Robert Martin, C.A.

Chairman of the Board  
President  
Executive Vice-President  
Vice-President, Finance and Treasurer  
Vice-President, Manufacturing  
Vice-President, Wholesale Division  
Comptroller and Secretary

## *Transfer Agent & Registrar*

Royal Trust Company

Toronto, Montreal and Winnipeg

## *Auditors*

Peat, Marwick, Mitchell & Co.

London, Ontario



# To EMCO Shareholders

This Annual Report of your Board of Directors covers operations and earnings for the Company's sixtieth year since its organization in 1906 as Empire Manufacturing Company Limited.

This year, we have added to the annual report a publication aimed at acquainting our shareholders with the fairly complex and far-ranging operations of your company. The booklet (inserted in the back cover) has also been designed for distribution, with or without this annual report, to organizations and individuals whose relationships with your company are vital to its success. Intended readership includes present and potential customers, suppliers of materials, services and money, the press, governments, and most important, potential employees with skills, ability and ambition to contribute to their own and Emco's welfare. We hope you find it interesting and informative.

## FINANCIAL

Unless otherwise noted, financial information contained herein and related comments are presented on a consolidated basis and includes the domestic and foreign subsidiaries in which your Company has more than a 50% interest.

**Total Sales** (excluding sales tax) of the company and its subsidiaries were \$60,692,000, an increase over 1964 of 12%.

**Consolidated Net Earnings** from operations, after provision for income tax, were \$1,746,333 or \$1.39 per issued common share, after payment of preference share dividends. Comparable earnings in 1964 were \$1,493,853 or \$1.18 per share. These figures do not include non-recurring profits on sale of real estate, which amounted to \$102,925 (8¢ per share) in 1965, and \$160,553 (13¢ per share) in 1964. The 17% increase in earnings was contributed by all divisions and subsidiaries, the most significant improvement being derived from foreign operations.

**Cash Flow** per common share, including non-recurring profits, in 1965 was \$2.01 per share compared to \$1.81 per share in 1964.

**Net Earnings**, as a percentage of 1965 sales was 2.9% compared to 2.8% in 1964.

**Return on Equity** of common shareholders at the beginning of each year was 14.6% in 1965, versus 13.8% in 1964.

**Domestic and Foreign Earnings** for the past two years, compared to 1960, were:

Earnings after tax	1965	%	1964	%	1960	%
Domestic	\$1,229,583	70	\$1,217,600	81	\$586,283	76
Foreign	\$ 516,750	30	\$ 276,253	19	\$180,650	24
TOTAL	\$1,746,333	100	\$1,493,853	100	\$766,933	100

**Capital Expenditures** during 1965 were \$778,000 and in 1964 were \$1,277,000. Planned capital expenditures for 1966 are \$1,500,000.

**Depreciation** charged in 1965 amounted to \$657,000 and \$605,000 in 1964. In general, depreciation was applied on a straight-line basis at rates of 10% per annum on original cost of machinery and equipment and 5% on buildings. Tools, patterns, and dies have been consistently written off in the year of acquisition.

**Working Capital** increased during the year by \$8,045,089 through the re-investment of a substantial portion of earnings and completion of long-term financing arrangements. On June 15, 1965, Emco issued at par \$6,000,000 in twenty-year 5¼% sinking fund debentures. The issue was sold privately to 23 leading Canadian and American financial institutions. In retrospect, we believe our timing was most opportune in view of subsequent increases in money costs.

**Dividends** paid on the common shares were increased March 29, 1965 to an effective rate of 40¢ per annum. On March 7, 1966 the rate was increased to 11¼¢ per quarter or 45¢ per annum. This is the fourth consecutive year in which common share dividends have been increased.

## DOMESTIC OPERATIONS

**Manufacturing** — the London plant operated on a multi-shift basis throughout the year and produced to near maximum capacity. In Management's view, prospects for the Canadian construction industry in the next five years appear generally favourable. Further plant expansion seems essential in the near future. The Company has secured an option on 33 acres of land in London for this purpose.

**Wholesale Distribution** — Emco's nation-wide branch warehouse system produced an improved profit contribution from sales of approximately the same as 1964. Constant pressure on gross profit margins, credit and collection problems and rising transportation costs remain key matters of concern in this Division. However, the benefits of improved administrative procedures and creation of a separate Wholesale Division were significant factors in the improved performance. During the year, arrangements were concluded to dispose of one of the few remaining multi-story, mid-town warehouses owned by the Company in Calgary. A move to a modern one-floor warehouse on 3 acres of land is planned for early 1966. Substantial additions to Toronto warehouse facilities were built. Further additions there and a new warehouse in Saint John, New Brunswick, are budgeted for 1966.

## FOREIGN OPERATIONS

**U.S.A.** — The Company's major acquisition in 1965 was the assets of Buckeye Iron & Brass Works, long established producer of service station and engineered liquid handling equipment, which complement Emco's present lines. On February 28, 1965, in partnership with Wheaton, Inc., of Union, New Jersey, Emco established the Buckeye Division, Emco Wheaton, Inc., in which your Company has a 51% interest. A new, experienced management team, plus the efforts of Buckeye employees, has produced highly satisfactory results during the ten months of operation in 1965. Excluded from the assets purchased, were the out-dated multi-story buildings in downtown Dayton, Ohio. A contract has been let for the construction of a one-floor 70,000 square foot plant in Conneaut, Ohio, and is scheduled for occupation September 1, 1966. Approximately one-third of the anticipated severance and moving costs are provided for in the 1965 statements.



**United Kingdom** — Sales volume and profits increased in 1965. A skilled labour shortage increased the difficulties of multi-shift operations necessary to meet increasing demands for the Company's engineered liquid handling products. The increasing acceptance by international oil companies of Emco's marine loading equipment, and a considerable order backlog extending into 1966 are encouraging signs of continued improvement in sales and earnings. Further capital expenditures on plant, offices and automated machinery requiring less skilled labour, are budgeted for 1966.

**Germany** — Emco A+A G.m.b.H. experienced a good year with a healthy increase in sales. Profits exceeded forecasts and for the first time, represent a reasonable return on investment. Dependence on the U.K. company has been considerably reduced and important new products are being added to their production. A considerable market exists for stainless steel alloy equipment for the transfer of corrosive acids and chemicals. The German Company is now producing this line, and prospects for its sale in Europe and elsewhere appear good. By mid-year it will also be producing additional product lines, which designs originated from other Emco plants.

**Australia** — Problems created through the lack of experienced and competent supervisory personnel have produced an indifferent performance in 1965. However, the potential in the Australasian market is good and appropriate measures have been taken to correct the faults. In January 1966, Emco Limited acquired the share interests in Axiom-Wheaton Pty. Ltd. held by Wheaton, Inc., and as a result, now owns 69% of the common shares. Additional capital has been introduced into the company and with the assistance of experienced Emco personnel, we believe this operation will show considerable improvement before the year end. The financial results for Australia are not consolidated in the 1965 statements.

**Japan** — In January, 1966, Emco Limited established a company, Emco-Wheaton (Japan) Ltd. with registered offices in Tokyo. Emco's ownership in this company is 80%, the remaining shares being owned by Tokyo Sales, Inc., a leading Japanese import/export company. Japan, one of the world's leading industrial nations and petroleum products consumers, is a prime market for Emco marine equipment. The initial capital investment is modest, but arrangements have been made for the manufacture of our products in Japan initially from parts from other Emco plants. A gradual build-up of Japanese produced items for the domestic and Far East market is planned.

**France** — Also in January 1966, Emco Limited obtained the approval of the French Government to purchase an 85% interest in a small company in France, previously established to market our products. As of the date of this report, your Company has made a modest investment in the company to be known as Emco France. It is planned to gradually increase our share of the French market through this venture, which will be supported initially by our English and German companies.

## RESEARCH AND DEVELOPMENT

The requirements of the oil, petrochemical, brewing, distilling and food industries for sophisticated liquid handling equipment have placed heavy demands on our engineering staff. The need for up-grading design of current product and the development of new ones to control and transfer larger volumes of diverse liquids and gases at extreme temperatures, created the need for a separate Research & Development Division. In May 1965, a new Director of Research & Development was appointed. On March 1, 1966, the new Research and Development building at Margate, England, was occupied and commenced operations. The benefits to be derived from this Division will accrue gradually, but your Management is convinced that they will be substantial.

## OUTLOOK FOR 1966

Generally, prospects appear good for Emco. In Canada, business capital spending is expected to increase by 15% over 1965. Housing expenditures are expected to increase by approximately 2½%. Your Company will continue to share in the fortunes of the Canadian construction industry, and we believe we are in a relatively good position to make the most of the opportunities presented. In foreign operations much depends on success in rectifying a developing world-wide shortage of capital to finance projects which use our products. The control of inflationary trends in most countries where we operate and the outcome of current GATT negotiations are some of the more significant factors of concern to your Management.

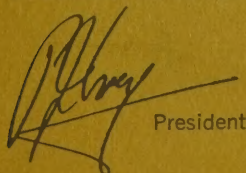
The substantial increase in inventories at year end was planned in anticipation of a strong first quarter in 1966, and sales of all Divisions for January and February 1966 have substantially exceeded those for the same period in 1965.

## EMPLOYEES

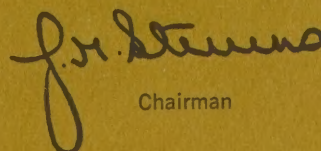
The prime consideration of your Management is the current general shortage of skilled personnel with management or supervisory potential. Training of present employees is heavily emphasized and supplemented by active recruiting of younger, qualified men with engineering and business experience. In 1965, it was the combined and co-ordinated efforts of all Emco employees that produced the increase in the earnings per share and improved return on the shareholders' investment. These efforts are greatly appreciated by the Board of Directors. It remains a major objective of your Executive to ensure that extra individual effort is regularly evaluated and rewarded.

On behalf of the Board of Directors.

London, Ontario, March 7, 1966.



President



Chairman



# Emco Limited and its CONSOLIDATED

*December*  
(with comparative)

<i>Assets</i>		1965	1964
CURRENT ASSETS:			
Cash		\$ 108,969	\$ 228,777
Marketable securities, at cost (quoted value 1965 \$591,060; 1964 \$573,018)		564,020	539,467
Trade accounts receivable, less allowance for doubtful accounts (1965 \$761,488; 1964 \$774,908)		9,602,690	8,419,600
Inventories at the lower of cost or net realizeable value		15,739,951	11,028,112
Prepaid expenses		319,778	211,766
Total current assets		<u>26,335,408</u>	<u>20,427,722</u>
LONG TERM RECEIVABLES AND OTHER ASSETS		95,945	247,766
INVESTMENT IN SHARES OF OTHER COMPANIES, AT COST		168,132	239,965
FIXED ASSETS, AT COST, LESS DEPRECIATION:			
Buildings and roadways		5,839,914	5,813,469
Machinery and equipment		4,322,761	3,916,443
		<u>10,162,675</u>	<u>9,729,912</u>
Less accumulated depreciation		5,322,911	4,757,736
		<u>4,839,764</u>	<u>4,972,176</u>
Land		579,552	509,188
Fixed assets, less depreciation		<u>5,419,316</u>	<u>5,481,364</u>
		<u>\$32,018,801</u>	<u>\$26,396,817</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (1) The accounts of the company's foreign subsidiaries have been converted to Canadian dollars as follows:  
 (a) Current assets and current liabilities, at the rates of exchange prevailing at the year end.  
 (b) Fixed assets, at the average rates of exchange prevailing during the year of acquisition.
- (2) The particulars of the long-term indebtedness are as follows:

	1965	1964
5 1/4 % Sinking fund debentures due October 15, 1973	\$2,552,500	\$2,716,500
5 3/4 % Sinking fund debentures due June 15, 1985	6,000,000	—
5 3/4 % Note payable due February 1, 1967	625,675	—
5 1/4 % Mortgage payable due August 1, 1967	13,125	20,625
	<u>9,191,300</u>	<u>2,737,125</u>
	113,725	29,000
Less amounts due within one year included with current liabilities	<u>\$9,077,575</u>	<u>\$2,708,125</u>

Under the provisions of the trust deeds for the sinking fund debentures, the company is required to retire annually, through the operation of sinking funds, a principal amount of debentures which increases

(a) In the case of the 5 1/4 % debentures from \$184,000 in 1966 to \$246,000 in 1972, an aggregate amount of \$1,495,000; and

(b) In the case of the 5 3/4 % debentures from \$119,000 commencing in 1967 to \$308,000 in 1984, an aggregate amount of \$3,600,000.

During the year 1965, the company purchased \$164,000 principal amount of the 5 1/4 % debentures which were delivered to the trustee for the debenture holders for cancellation. At December 31, 1965, all of the sinking fund obligations for these debentures to that date had been met, and \$142,500 principal amount of the debentures had been tendered to the trustee in respect of the 1966 sinking fund requirement of \$184,000.



# Ten Year Financial Highlights



## SOURCE AND DISPOSITION OF FUNDS

(Thousands of dollars)

### SOURCE OF FUNDS:

	1965	1964
Net earnings	\$ 1,746	1,494
Depreciation charged	657	605
Cash earnings	2,403	2,099
Proceeds from sale of real estate	287	200
Issue of common shares	29	15
Minority interests	363	16
Issue of 5¾% debentures	6,000	—
Note payable — Due February 1, 1967	561	—
	<u>9,643</u>	<u>2,330</u>

### DISPOSITION:

Capital expenditures — net	778	1,277
Redemption of preference shares	234	185
Dividends — preference	53	59
— common	488	425
Redemption of debentures	184	220
Investment in other companies	(72)	4
Other — net	(67)	95
	<u>1,598</u>	<u>2,265</u>
Increase (decrease) in working capital	<u>\$ 8,045</u>	<u>65</u>

## COMMON SHARE RESULTS

Net earnings per share	\$ 1.39	1.18
Nonrecurring profits — per share	.08	.13
Total earnings per share outstanding at December 31	<u>\$ 1.47</u>	<u>1.31</u>
Dividends paid per share	\$ .38¾	.33¾
Net worth at December 31	<u>\$ 10.50</u>	<u>9.51</u>
Return on common shareholders' equity at beginning of the year	% 14.6	13.8

## CONDENSED BALANCE SHEET

Current assets	\$26,335	20,428
Current liabilities	8,082	10,220
Working capital	<u>18,253</u>	<u>10,208</u>
Long-term receivables and other	96	248
Investments — other companies	168	240
Fixed assets — net	5,419	5,481
	<u>\$23,936</u>	<u>16,177</u>
Long-term debt	\$ 9,077	2,708
Minority interests	407	44
Preference share capital	1,634	1,868
Common share capital	199	169
Retained earnings	12,619	11,388
	<u>\$23,936</u>	<u>16,177</u>



# Emco Limited and its CONSOLIDATED

*December*  
(with comparative)

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Less accumulated depreciation		5,322,911	4,757,736
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Fixed assets, less depreciation		<u>5,419,316</u>	<u>5,481,364</u>
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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During the year 1965, the company purchased \$164,000 principal amount of the 5 1/4 % debentures which were delivered to the trustee for the debenture holders for cancellation. At December 31, 1965, all of the sinking fund obligations for these debentures to that date had been met, and \$142,500 principal amount of the debentures had been tendered to the trustee in respect of the 1966 sinking fund requirement of \$184,000.



# Subsidiary Companies

## BALANCE SHEET

31, 1965

(figures for 1964)



### CURRENT LIABILITIES:

	1965	1964
Due to banks	\$ 1,293,157	\$ 4,510,471
Notes payable	—	200,000
Accounts payable and accrued expenses	4,861,612	3,786,075
Dividends payable	146,622	134,413
Current portion of long term debt	113,725	29,000
Income and other taxes payable	1,667,351	1,559,911
Total current liabilities	8,082,467	10,219,870

### LONG-TERM DEBT — Note (2)

Less amount due within one year included with current liabilities	113,725	29,000
	9,077,575	2,708,125

### MINORITY INTEREST IN SUBSIDIARY COMPANIES

	407,023	43,894
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### SHAREHOLDERS' EQUITY:

#### Capital stock — Note (3):

3% Cumulative redeemable preference shares with a par value of \$10 each. Authorized 224,979 (1964 — 248,355) shares; issued and outstanding 163,379 (1964 — 186,755) shares	1,633,790	1,867,550
Common shares without any nominal or par value. Authorized 2,200,000 shares; issued 1,221,150 (1964 — 608,000) shares — stated value	198,599	169,350

Consolidated retained earnings	12,619,347	11,388,028
Total shareholders' equity	14,451,736	13,424,928
	\$32,018,801	\$26,396,817

Approved on behalf of the Board:

J. H. STEVENS, Director J. W. ADAMS, Director

### Liabilities

## Statements of Consolidated Earnings and Consolidated Retained Earnings, Year Ended December 31st, 1965

(with comparative figures for 1964)

### CONSOLIDATED EARNINGS:

	1965	1964
Operating profit after minority shareholders' interest but before the undernoted items	\$ 4,703,953	\$ 4,013,904
Income from marketable securities	18,957	18,868
	4,722,910	4,032,772

### DEDUCT:

Depreciation	657,152	604,919
Fees of directors for services as such	15,400	11,900
Interest on bank and other advances	172,057	251,763
Interest on long term debt	352,968	149,337
	1,197,577	1,017,919
Earnings before taxes on income	3,525,333	3,014,853
Taxes on income	1,779,000	1,521,000
Net earnings for the year	\$ 1,746,333	\$ 1,493,853

### CONSOLIDATED RETAINED EARNINGS:

Amount at beginning of year	\$11,388,028	\$10,217,890
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### ADD:

Net earnings for the year	1,746,333	1,493,853
Gain on sale of real estate	102,925	160,553
	1,849,258	1,654,406
	13,237,286	11,872,296

### DEDUCT:

Dividends:		
Preference	52,520	58,806
Common	488,306	425,462
Commission and expenses on issue of 5¾% debentures, less applicable income taxes	77,113	—
	617,939	484,268
AMOUNT AT END OF YEAR	\$12,619,347	\$11,388,028

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Emco Limited and its subsidiary companies as of December 31, 1965 and the statements of consolidated earnings and consolidated retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and the statements of consolidated earnings and consolidated retained earnings present fairly the financial position of the companies at December 31, 1965 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Ontario,  
February 24, 1966.

Peat, Marwick, Mitchell & Co.  
Chartered Accountants.

### (3) Capital stock:

- Supplementary letters patent were obtained during the year whereby the common shares issued and outstanding at May 27, 1965, were subdivided on a two for one basis and the authorized number of common shares was increased from 1,100,000 to 2,200,000.
- The trust deeds relating to the debentures both contain provisions whereby dividends may not be declared or paid, other than stock dividends or cumulative preference dividends, and the company may not effect any reduction to its capital stock which would reduce consolidated net current assets and shareholders' equity (as therein defined) below certain levels. At December 31, 1965, the consolidated net current assets and shareholders' equity (as so defined) were substantially in excess of the minimum levels.
- The provisions with respect to the 3% cumulative redeemable preference shares include a requirement that the company shall apply to the redemption of preference shares, before July 1 in each year, a sum equal to 25% of the consolidated net earnings of the company (as defined in such provisions) in excess of \$500,000 for the immediately preceding fiscal year of the company after deducting from the said consolidated net earnings dividends for such fiscal year on the preference shares. Pursuant to this requirement 23,376 preference shares were redeemed at par in 1965, an aggregate amount of \$233,760 to satisfy the 1964 requirement. To satisfy the 1965 requirement \$298,453 must be applied to the redemption of preference shares on or before July 1, 1966.
- A share option plan was established in 1960 for certain executives whereby 60,000 of the company's authorized and unissued common shares were reserved for issue under the plan. Since the inception of the plan, options have been granted for 47,800 shares and 21,150 shares have been taken up and issued under the plan, including 5,150 shares during 1965 for a cash consideration of \$29,249. The balance of the options may be exercised at various dates not later than December 31, 1972 at the following prices per share:

7,200 shares at \$4.0375 per share
3,200 shares at \$4.75 per share
5,000 shares at \$5.225 per share
8,050 shares at \$9.325 per share
3,200 shares at \$9.815 per share



1963	1962	1961	1960	1959	1958	1957	1956
1,304	940	781	767	906	1,099	763	1,152
545	495	468	459	472	398	444	428
1,849	1,435	1,249	1,226	1,378	1,497	1,207	1,580
—	567	—	738	—	—	204	450
53	—	2	—	—	—	—	—
(5)	23	10	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,897	2,025	1,261	1,964	1,378	1,497	1,411	2,030
745	738	855	780	1,138	516	660	893
94	54	50	94	—	420	395	45
63	65	67	69	35	—	—	—
362	300	300	225	225	15	15	15
113	166	30	3	400	130	64	161
192	44	—	—	—	—	—	—
(19)	107	19	(29)	21	74	(19)	41
1,550	1,474	1,321	1,142	1,819	1,155	1,115	1,155
347	551	(60)	822	(441)	342	296	875

1.02	.73	.60	.58	.73	.92	.65	.96
—	.09	—	.16	—	—	.15	.22
1.02	.82	.60	.74	.73	.92	.80	1.18
.28 $\frac{3}{4}$	.25	.25	.25	.12 $\frac{1}{2}$	.01 $\frac{1}{4}$	.01 $\frac{1}{4}$	.01 $\frac{1}{4}$
8.56	7.87	7.30	6.96	6.39	5.94	6.58	5.76
13.1	10.0	8.6	9.1	12.2	13.9	11.0	20.9

18,925	16,925	14,835	13,141	13,585	13,324	12,205	12,320
8,782	7,129	5,590	3,836	5,102	4,400	3,623	4,034
10,143	9,796	9,245	9,305	8,483	8,924	8,582	8,286
169	176	118	105	127	121	121	103
236	44	—	—	—	—	—	—
4,849	4,685	4,868	4,481	4,704	4,038	3,919	3,730
15,397	14,701	14,231	13,891	13,314	13,083	12,622	12,119
2,943	3,081	3,261	3,297	3,293	3,694	3,849	3,935
28	33	10	—	—	—	—	—
2,053	2,147	2,200	2,250	2,344	2,260	880	1,275
155	102	102	100	100	100	100	100
10,218	9,338	8,658	8,244	7,577	7,029	7,793	6,809
15,397	14,701	14,231	13,891	13,314	13,083	12,622	12,119



# *Emco Limited / Principal Divisions and Subsidiaries*

## *Domestic*

### **DOMESTIC OPERATIONS**

Canadian Clyde Tube Forgings Limited, Mimico, Ontario Distributor of steel welding fittings for industry.	100%
Emco Limited, London Factory Division, London, Ontario Manufacturer of plumbing, heating and industrial piping products for sale to wholesalers.	100%
Emco Limited, Wholesale Division, 24 Branches across Canada Distributors of plumbing, heating and industrial piping supplies to mechanical contractors and industry.	100%
Emco Limited, Gas Division, Weston, Ontario Distributors of specialty products for the natural and propane gas industries.	100%
Emco-Wheaton Limited, Mimico, Ontario Manufacturer and distributor of fluid handling equipment for the petroleum and petro-chemical industries.	100%

## *Foreign*

### **FOREIGN OPERATIONS**

Axiom-Wheaton Pty. Ltd., Melbourne, Australia Manufacturer of liquid handling equipment for the petroleum and petro-chemical industries in Australia and New Zealand. (at December 31, 1965 — ownership 42.55% — not consolidated)	69%
Buckeye Division, Emco Wheaton, Inc., Dayton, Ohio Manufacturer and distributor of specialty equipment for the petroleum industry in the U.S.A.	51%
Emco A+A G.m.b.H., Kirchhain, Germany Manufacturer of liquid handling equipment for the petroleum and petro-chemical industries in Western Europe.	76%
Emco Brass Mfg. Co. Limited, Margate, England Manufacturer of liquid handling equipment for the petroleum and petro-chemical industries in the United Kingdom and to agents throughout the world.	100%
*Emco France, Paris, France Distributors of liquid handling equipment for the petroleum and petro-chemical industries in France.	85%
*Emco-Wheaton (Japan) Ltd., Tokyo, Japan Manufacturer of liquid handling equipment for the petroleum and petro-chemical industries in Japan and the Far East.	80%

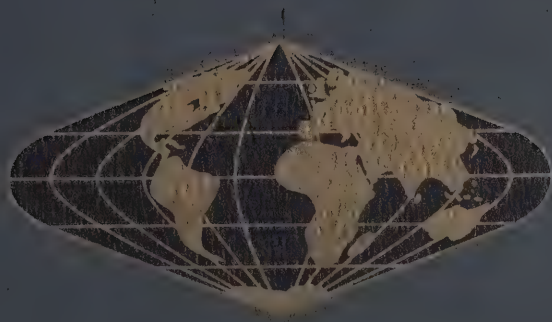
\* Established 1966.





*Emco Limited, London, Canada*





**Emco Limited**  
*A Canadian and International Company*



## *Introduction*

Emco Limited, is engaged in the manufacture and distribution of products associated with the control and flow of liquids and gases . . . in short plumbing systems. These systems may be very simple, or extremely complex.

Emco copper fittings and valves are the vital link in water supply and drainage systems, and Emco chrome plated fixture trim adds the finishing touch to bathrooms and kitchens in homes, apartments, institutions and commercial buildings across Canada.

To the skipper of an oil tanker unloading Middle East crude at an Australian port, 'Emco' is the name on the couplings and valves making up the engineered device through which his cargo is loaded or unloaded. For, in the business of the transfer of petroleum products, Emco is one of the most important names. 'Emco' means the intricate piping systems within an industrial complex carrying essential liquids and gases throughout the plant. It is vital equipment on a British road tanker taking on a load of gasoline for a local delivery.

Emco means much more. It represents close to 20,000 different items being made and distributed in ever-increasing volume by a Company that has shown a classic pattern of growth and development since its origin just after the turn of the century. This booklet has been prepared to introduce you to some of the facets of Emco's success. We believe you will find it an interesting story.







Huge loading and unloading devices made by Emco are installed at seaports around the world. This engineered equipment is used both to load and unload oil and petro-chemicals between ship and shore. Above installation was manufactured by Emco's Australian subsidiary and is located at Brisbane.



Few people are aware of the intricate piping systems that exist within modern industrial plants. Emco is a major manufacturer and distributor of pipe, valves and fittings used by industry to carry air, water, steam . . . any liquid or gas for industrial purposes.



A tandem wheel tank truck takes on a load of gasoline from overhead storage facilities while a small vehicle loads fuel oil for someone's home furnace. The loading devices are Emco made at the Company's plant in England.



## *A Canadian-International Company*

In these days when there is either resignation or indignation expressed over the extent of foreign ownership of Canadian industry it is unusual to see an all-Canadian company pressing its expansion into some of the most competitive world markets.

These overseas companies specialize in liquid handling equipment both large and small. Products include such familiar items as the automatic computer pump nozzles used to fill automobile gas tanks and huge eight ton devices used to load supertankers with crude oil. The Company's interests in petro-chemical handling equipment generate an important part of Emco's profits and decrease sole dependence upon the sometimes cyclical construction industry.

A glance at the list of principal Divisions and Subsidiaries indicates the ways in which Emco has extended its interests since its modest beginning as a small brass foundry and machine shop shortly after the turn of the century.

### **EMCO LIMITED/PRINCIPAL DIVISIONS AND SUBSIDIARIES**

#### **DOMESTIC OPERATIONS**

Canadian Clyde Tube Forgings Limited, Mimico, Ontario.  
Emco Limited, London Factory Division, London, Ontario.  
Emco Limited, Wholesale Division, 24 Branches across Canada.  
Emco Limited, Gas Division, Weston, Ontario.  
Emco-Wheaton Limited, Mimico, Ontario.

#### **FOREIGN OPERATIONS**

Axiom-Wheaton Pty. Ltd., Melbourne, Australia.  
Buckeye Division, Emco Wheaton, Inc., Conneaut, Ohio.  
Emco A + A G.m.b.H., Kirchhain, Germany.  
Emco Brass Mfg. Co., Limited, Margate, England.  
Emco France, Paris, France.  
Emco-Wheaton (Japan) Ltd., Tokyo, Japan.

Even this list does not reveal the true extent of the opportunities of which Emco has exploited. Coupled with foreign expansion, Emco has developed extensively its Canadian manufacturing and distributing facilities. The Company owns and operates close to half a million square feet of modern warehouse and office space in 28 locations from coast to coast plus some 300,000 square feet of manufacturing plant. Employment in Canada, U.S.A. and overseas is approximately 2,000.

Growth, planned and exploited according to the needs of the markets we can best serve, and ability to finance and staff, is a cardinal objective of management. Opportunities for advancement for experienced, capable and ambitious employees are numerous in an expanding world economy.

Special skills and higher education standards are in constant demand at Emco. For the individual with these and the vital abilities in human relations, the future can be bright indeed. Systematic job evaluation, regular performance appraisals and remuneration and promotion in direct proportion to performance, has contributed greatly to the Company's growth.

Emco is a public company with common shares listed on the Toronto Stock Exchange, over 95% of which are owned by Canadian residents.





This is Emco's Head Office and Factory as it looked in the horse and buggy days. The Company was incorporated in 1906 as Empire Manufacturing Company, subsequently became Empire Brass Manufacturing Company Limited and now operates under its up-dated corporate name, EMCO — its original Trade Mark.



A present day look at facilities would have to include the plant and office of Buckeye Division, Emco Wheaton, Inc., at Conneaut, Ohio, constructed in 1966. This acquisition provides Emco entry into the enormous United States market.



## *6,000 Different Kinds*

The photograph on the facing page does not even begin to show the extent of the product range being shipped from the London, Ontario, plant of Emco Limited. Altogether, some six thousand different items are manufactured, and this in turn is less than a quarter of all the units handled by Emco through its Wholesale Division.

The total range of products sold by the Wholesale Division includes steel and copper pipe, fittings and valves, vitreous, enamelled and china plumbing ware, heating and cooling equipment, pumps and electrical apparatus that do not fall within EMCO'S own manufacturing scope. Controlling the production and distribution of this diverse product group is a challenge to bright minds and ambitious thinking. The fact that Emco operates with such success in so highly competitive a market is an indication of the calibre of personnel who have been attracted by the challenge. The people who join Emco and meet the challenge stay with Emco. Few companies have so bright a record of good relationship with the people employed in it. In fact some 250 employees have qualified for entry into the "Quarter Century Club". Emco's constant development of new methods, and new and improved products creates opportunities for design engineers as well as helps to keep the company in the forefront of the industry.









**EMCO**

- Head Office and Factory
- Wholesale Division Offices
- Wholesale Branch
- Wholesale Branch
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- Wholesale Branch
- Traders' Plumbing & Heating
- Canadian Clyde Tube Forgings Ltd
- Emco Limited, Gas Division
- Emco-Wheaton Limited
- Buckeye Division, Emco Wheaton, Inc
- Axiom-Wheaton Pty. Ltd
- Emco ATA G.m.b.H
- Emco Brass Mfg. Co. Ltd.
- Emco-Wheaton (Japan) Ltd.
- Emco France

- London, Ontario
- Weston, Ontario
- Barrie, Ontario
- Calgary, Alberta
- Edmonton, Alberta
- Guelph, Ontario
- Halifax, Nova Scotia
- Hamilton, Ontario
- Kitchener, Ontario
- Lethbridge, Alberta
- London, Ontario
- Montreal, Quebec
- Oshawa, Ontario
- Ottawa, Ontario
- Prince George, B.C.
- Quebec, Quebec
- Regina, Saskatchewan
- Saint John, N.B.
- Sault Ste. Marie, Ontario
- Saskatoon, Sask.
- St. Catharines, Ontario
- Sudbury, Ontario
- Ville de Brossard, Quebec
- Weston, Ontario
- Winnipeg, Manitoba
- Don Mills, Ontario
- Mimico, Ontario
- Weston, Ontario
- Mimico, Ontario
- Conneaut, Ohio
- Melbourne, Australia
- Kirchhain, Germany
- Margate, England
- Tokyo, Japan
- Paris, France.

*North  
Pacific Ocean*

*South  
Pacific  
Ocean*









## *Metal takes on Meaning*

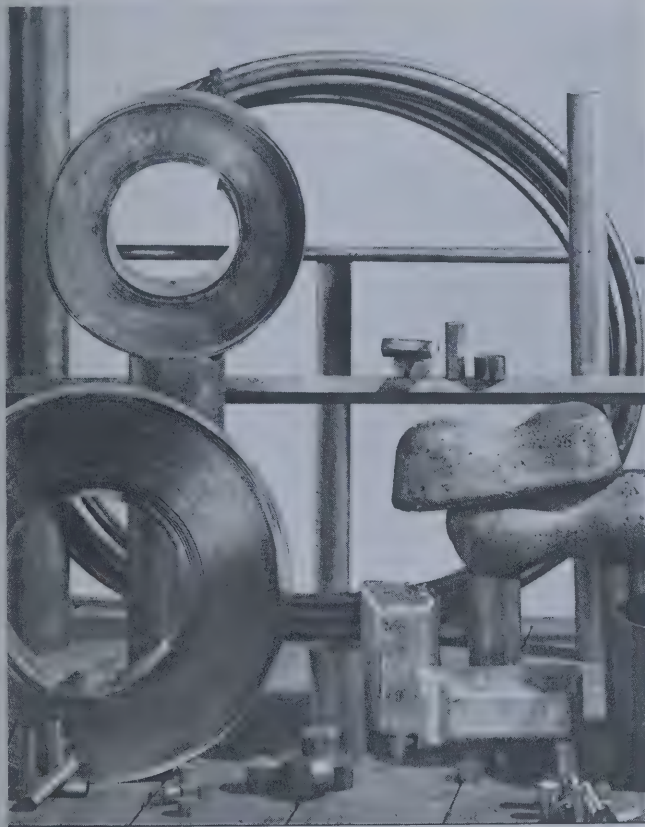
A casual visitor to an Emco plant is soon bewildered by the complexity of the operations. Manufactured product flows smoothly through the foundry, machining areas, plating shop, assembly, packing, to the shipping area.

Literally tons of brass, copper and other metals in the form of ingots, tubes, strips, bars and rods flow over the receiving dock every month. By the time the finished products are packed in cartons for shipment some 10 different operations may have taken place. Cores and moulds are formed for the casting of basic shapes. Electric induction furnaces pour molten metal two shifts a day. Castings are machined, buffed, plated, assembled into components and inspected. There is no confusion, no waste of motion. Men and machines work in a smooth rhythm as rough metal turns to bright, efficient working parts for a distant customer's need.

Design and production of Emco products is not confined to metals alone. New development in plastics, and other non-metallic materials, essential to many applications, are constantly being tested and incorporated in product or substituted for metal when proven to perform better.







Raw materials include ingots, bars, strip, tube and rod.



Moulder pours off along the moving line in London foundry.



Precision welding of a large swing joint at U.K. plant.



Rigid inspection is an Emco policy.  
These are parts just removed from plating tanks.



## *Administration*

Vast quantities of information are processed daily in this electronic hub of Emco's operations. It is axiomatic, that improved profits result only by increasing efficiency. Competition has pared the margin between profit and loss to so fine a point that only the closest control over every operation can ensure a reasonable return on the total endeavour. Only by using the fastest of reporting systems can this control be maintained.

Factory production is linked up with the Honeywell 200 Computer through a punch card reporting system. This enables the Data Processing Department to calculate labour costs and production status for each operation within the plant. Hold-ups within the plant are decreased. Inventory records are updated as work progresses. Factory customer accounts are tabulated and analysed monthly.

Wholesale Division customer statements for all 24 branches are produced monthly along with ageing documents and sales analysis information. Here too, customer accounts are analysed monthly. Areas of opportunity for additional sales or cost reduction are revealed so that action can be taken.







A section of the Key Punch Department.



Key punching customer invoice information on cards.



Punched cards are loaded into computer reader.



Mounting magnetic tape on computer drive unit.



Output of printed reports are used to analyse market trends.



Magnetic tape containing information is stored for future use.



## *Emco Means "People"*

Anyone with sufficient capital could put together a firm with the same physical resources as EMCO'S. But the result still wouldn't be another EMCO LIMITED. There's a level of talent, a quality of team spirit, and an urge to excel that form EMCO'S greatest asset. On the following pages are a few faces from among the close to 2,000 people who work for and with EMCO. They are not 'typical', for everyone is very much an individual. Yet they outline a composite personality, a common enthusiasm and drive. Each one represents a success within a success.

EMCO will always need people like these . . . people with the extra degree of skill, ability and enthusiasm that will carry their Company to greater triumphs and their own careers to higher satisfaction and material reward.







Wholesale Division, Vice-President (left) and his assistant are responsible for operations of Emco's 24 Branches located across Canada. Together they have a total of 48 years service with Emco.



Engineer from Emco's German subsidiary (right) spent a year at the London Plant. He worked in several departments including engineering, production, manufacturing, and sales.



A Branch Manager discusses an order with his Warehouse Superintendent. An employee's performance in his job rates high at Emco and is closely watched. Extra effort coupled with ability produce extra compensation at every level.



New products are constantly being developed by Emco. Discussing new bronze ball valve are the Manufacturing Engineering Manager, Chief Draftsman, and Production Manager.

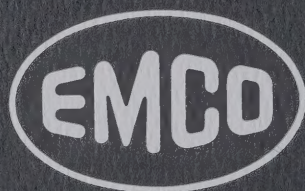


Quebec market is serviced by three Emco outlets. Recently appointed Manager at Ville de Brossard reviews customer sales report prepared monthly on computer at London Head Office.



Personnel at all levels are encouraged to attend internal and external training courses to upgrade their skills. Managing Director of Emco England (right) recently attended an Advanced Management Course at the University of Western Ontario. All Senior Executives of the Company have attended Advanced Management Courses.





*Emco Limited London Canada*







